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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE JOINT)
APPLICATION OF PUBLIC SERVICE)
COMPANY OF COLORADO; THE OFFICE)
OF CONSUMER COUNSEL; THE OFFICE) Docket No. 91A-481EG
OF ENERGY CONSERVATION; AND THE)
LAND AND WATER FUND OF THE ROCKIES)
TO OPEN A DEMAND SIDE MANAGEMENT)
COLLABORATIVE PROCESS DOCKET.)

DEMAND SIDE MANAGEMENT COLLABORATIVE PROCESS

WORKPLAN

Submitted:
October 1, 1991

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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DEMAND SIDE MANAGEMENT COLLABORATIVE PROCESS WORKPLAN

I. Objective

The Collaborative Process ("CP") will design DSM programs by consensus in a non-adversarial forum which strives for a shared vision of appropriate design, selection and evaluation criteria.

II. Summary

On July 17, 1991 in Decision No. C91-918, the Public Utilities Commission ("Commission") approved Revised Settlement Agreement II in Docket No. 91S-091EG and Docket No. 90F-226E. Paragraphs 8-12 of Revised Settlement Agreement II committed the signatories to the settlement to undertake and complete a CP for the purpose of designing DSM programs for Public Service Company of Colorado ("PSCo"). Paragraph 11 commits the signatories to develop and file a workplan for the CP by October 1, 1991.

The CP docket is interrelated with other dockets opened as a result of the rate case settlement. For the purposes of this

workplan, PSCo is considered to be the "utility" and all other CP participants are considered to be the "non-utility parties".

In accordance with Revised Settlement Agreement II, the decoupling and DSM incentives docket will address at least the following issues: "Should PSCo's revenues be decoupled from electricity sales and, if so, in what manner? What incentives affecting implementation of DSM programs are inherent in the Electric Cost Adjustment and what, if any, steps should the Commission take to address these incentives? What is the most efficient and fair method by which PSCo can be given regulatory incentives to acquire all cost-effective DSM at the minimum cost? Are there other incentive programs not solely related to DSM which should be implemented for PSCo?"

In accordance with Revised Settlement Agreement II, the Integrated Resource Planning ("IRP") rulemaking docket will address at least the following issues: "The integration of DSM into resource planning; the evaluation of environmental externalities and whether and how they are taken into account in resource selection; the use of the societal test, or other tests, in determining the cost effectiveness of resources; and the procedures, if any, to be used for the review of PSCo's planning assumptions, forecasts, and methodologies."

The Low-Income Assistance Application is likewise interrelated with the CP. Those DSM issues involving the low-income customer group are addressed by the parties in the Guiding Principles.

The following workplan represents consensus among the undersigned collaborative participants as to the best way to attain the objective of designing DSM programs for PSCo. It is the product of meetings among CP participants; of briefings by participants in CP proceedings in New England, California, the Pacific Northwest and Washington, D.C.; and of numerous meetings by legal and workplan drafting subcommittees.

The workplan contemplates the design of DSM programs in phases. The first phase of the CP involves the research of other CPs, establishment of the CP structure and guiding principles, and submission of the workplan. This phase is now complete.

The selection of DSM program opportunities using the guiding principles discussed below constitutes the second phase of the CP. This phase will involve review of DSM programs implemented by other utilities as well as DSM program opportunities developed by PSCo. Completion of the DSM program selection process, by December 31, 1991, represents the second milestone of the CP.

The third phase of the CP involves the study of the program opportunities selected by means of scenario analysis. In short, the CP will analyze each of the program opportunities identified at various budget levels, under avoided cost scenarios based on PSCo's resource plan, and from various cost-effectiveness perspectives, including rate impacts. Completion of this phase, by April 15, 1992, is the third milestone of the CP. The result of this phase will be developed program concepts that can be readily

turned into DSM programs to serve as the basis of applications to the Commission.

The fourth phase involves the development of DSM program applications. In accordance with the schedule established in Revised Settlement Agreement II, the participants expect the completion of the work of the CP by October 1, 1992 and "to the degree that agreement among the parties (participants) has been reached, submission to the Commission by such date of a set of jointly agreed-to demand-side programs for PSCo to implement." If the CP participants reach agreement on DSM program(s) prior to October 1, 1992, the participants expect that PSCo will submit the program application(s) expeditiously to the Commission.

CP participants believe that it is important to keep the Commission informed in a timely manner of the progress of the CP. This workplan includes the submission of quarterly reports to the Commission in accordance with paragraph 12 of the Revised Settlement Agreement II. These reports will be submitted by the 15th of January 1992, April 1992, July 1992, and October 1, 1992 (wrap-up report). These dates roughly correspond with the completion of the milestone events in this workplan, and the reports will update the Commission on each of these significant achievements. If there are any delays in the progress of the workplan, a special report will inform the Commission of the nature of and reason for the delay. The participants will also keep the Commission informed on an expedited basis by submitting

informational letters on any other special topics as they have done in recent correspondence.

III. Guiding Principles

A. One of the goals of the CP will be to develop, for early implementation by PSCo, a number of DSM programs which are agreed to be clearly cost-effective, to have an acceptable rate impact, and to have the potential to save large amounts of electricity.

B. The CP's early focus will be on programs developed by other utilities which, with modification, would be applicable to the PSCo system. Lessons learned from other utility programs as well as PSCo pilots will be incorporated.

C. The CP will develop monitoring and evaluation plans for each DSM program.

D. The analysis and detailed program design will be done by PSCo with ongoing participation and review by the non-utility parties.

E. The CP believes that DSM programs will be developed for all customer classes of PSCo including industrial, commercial, residential, and low-income users. Also, the CP believes it is important that excessive costs are not imposed on any one customer class. However, as a general matter, cost recovery issues will be addressed in other dockets. All PSCo -sponsored DSM programs will be reviewed and evaluated by the CP. There may be one exception to

this guiding principle which is referenced in the accompanying cover letter.

F. The CP will focus on programs that include direct investment in DSM by PSCo as well as other types of PSCo-sponsored activities (as opposed to programs that rely completely on customer responses to price signals).

G. Fuel switching between PSCo customers will not be ruled out by the CP. Gas DSM may also be considered in the design of DSM programs within the CP.

H. To effectively participate, the non-utility parties will need technical assistance in reviewing the DSM programs developed by PSCo. In most situations, this assistance can be best rendered by outside consultants with experience in DSM program design.

I. To effectively develop DSM programs and participate in the CP, PSCo may need technical assistance through increased staffing or consultants.

J. It is imperative that the Commission be kept timely informed of the progress of the CP.

IV. Other Matters

A. Certain legal issues may affect DSM program design as well as the internal workings of the CP. An Attorneys' Group has been formed to study these issues and resolve them as quickly as possible. These legal issues include: (1) anti-trust concerns with utility DSM programs; (2) access to PSCo proprietary data; (3)

conflicts of interest among CP participants ; and (4) ongoing study of CP procedures.

B. Initially, cost-effectiveness analysis will be done by screening selected DSM programs at various rebate-cost levels and against a number of avoided cost scenarios. DSM programs will be evaluated under a range of cost-effectiveness perspectives with no specific perspective being endorsed.

C. The CP will not make any recommendations regarding how the costs associated with implementing collaboratively-designed programs will be recovered by PSCo; rather, this issue should be addressed in the incentives docket. Nevertheless, the actual costs of the CP, associated with program design, up to the budgeted amount, will be treated as an expense and recovered through the Demand Side Management Cost Adjustment ("DSMCA").

D. Since the non-utility parties have divergent interests, the CP is unsure whether one pool of non-utility consultants will be sufficient to review PSCo's early program designs. Nevertheless, to keep costs down and reduce the problems associated with information flow, the non-utility parties will make every effort to rely on only one pool of consultants. This issue will most likely be resolved in the consultant hiring phase where the CP hopes that the people eventually employed will be capable of representing all of the various interests of the non-utility parties. In any case, all non-utility parties will have an opportunity to participate in the hiring process.

V. Structure

ATTORNEYS GROUP--->STEERING COMMITTEE<---PUBLIC PARTICIPATION GROUP

(CP Administrator)

TECHNICAL WORKING GROUP
PSCo staff (Non-Utility Coordinator)
Consultant Consultant
Other experts

Attorneys Group:

Members: Attorneys representing the entities on the Steering Committee

Role: Advise the Steering Committee on legal issues

Meetings: As necessary

Steering Committee:

Members: One representative with approval authority from each entity. Membership in the Steering Committee will be open to all who intervened in this docket. However, members must agree to participate on a regular basis and in the spirit of evaluating DSM programs for implementation by PSCo.

Role: Resolve issues

Meetings: About one per week

Public Participation Group:

Members: Interested public who wants input but who are not able to participate in regular meetings of the Steering Committee.

Role: Provide input on CP decisions through meetings and/or written correspondence.

Meetings: As necessary

Technical Working Group:

Members: Utility staff/consultants and non-utility technical staff and consultants and other technical experts .

Roles: Utility staff/consultants will take the lead in performing the technical work of the CP. The primary role of the non-utility consultants will be to review the work product of the utility/staff consultants. The TWG will report to the Steering Committee.

Meetings: Ongoing meetings as needed.

Collaborative Administrator:

PSCo employee who coordinates communications between all the groups with the exception of communications between non-utility parties and their consultants. Schedules meetings, distributes information, keeps official file, records minutes, collects agenda items from other parties and prepares agendas with the non-utility coordinator. This person will act as a neutral party and will not advocate specific viewpoints.

Non-Utility Coordinator:

Coordinates information from technical working group to non-utility parties on Steering Committee. Manages

non-utility consultants. Acts as facilitator for Public Participation Group meetings. Prepares agendas with Administrator. The need for and exact role of the NU coordinator, and his/her relationship to the CP Administrator, will be determined by the non-utility parties on the Steering Committee based on the outcome of the NU consultant hiring process.

VI. Decisionmaking Process

Steering Committee will make decisions by consensus with approval of one person per entity. Consensus means that no parties are in disagreement. Silence is assumed to be agreement.

The TWG will report to the Steering Committee. Input from the Public Participation Group will be taken through written correspondence and meetings. If the Steering Committee reaches a stalemate on a significant issue, the Steering Committee will determine how best to present that issue to the Commission. The Steering Committee will make every effort to resolve issues within the scope of the CP.

VII. Tasks

A. Milestone I: CP Workplan Development

On October 1, 1991, with the submission of the workplan, this milestone has been achieved.

1. Research of other CPs.

2. Set up CP structure and guiding principles.
3. Submit Workplan to PUC by October 1, 1991.

B. Milestone II: Identify and Screen DSM Opportunities

By 12/31/91, the CP will have identified a number of DSM opportunities consistent with the Guiding Principles detailed above. This list will have been approved by the Steering Committee and will incorporate the lessons learned from other utilities and PSCo's own experience. The following tasks will be accomplished in order to accomplish Milestone II.

1. Workshop on reaching consensus for Steering Committee, if needed.
2. Assignment of Utility staff/consultants for TWG.
3. Assignment of NU Coordinator, NU consultants for TWG.
4. Initiate preliminary research on other utilities and their program successes, potential transferability, screening criteria, monitoring plans, etc. May include travel.
5. Develop screening criteria and list of potential DSM programs with assistance of non-utility party consultants.
6. Review list of potential DSM programs and criteria and modify it as needed.
7. Screen list of potential DSM programs to identify the best DSM opportunities according to criteria.

8. Recommend program opportunities for further development.

C. Milestone III: Program Concepts

Given this list of screened DSM opportunities, the CP will then examine how each program performs, including rate impacts, with different penetration rates, budgets and under a variety of avoided cost scenarios. This analysis will be completed and approved by the Steering Committee by 4/15/92. The following tasks will be undertaken by the CP to achieve Milestone III.

1. Develop program concepts for each of the program opportunities under at least 3 different levels (maximum penetration, medium penetration, low penetration) incorporating the best aspects of other utility DSM programs.
2. Develop list of information which will be included in the application.
3. Review recommended program concepts for each DSM program opportunity.
4. Develop at least three avoided cost scenarios.
5. Review and approve at least three avoided cost scenarios for use in cost/benefit analysis.
6. Perform cost/benefit and rate impact analyses for program opportunities under at least three different budget levels and three different avoided cost scenarios.

7. Review results of above studies and agree on programs for final design.

D. Milestone IV: Detailed Program Applications

Between April 15 and October 1, 1992, the CP will submit to the PUC a detailed application for each DSM program containing a budget, workplan, staff list, and monitoring/evaluation plan designed to begin implementing the best program concepts. The following tasks will be undertaken to achieve this Milestone IV.

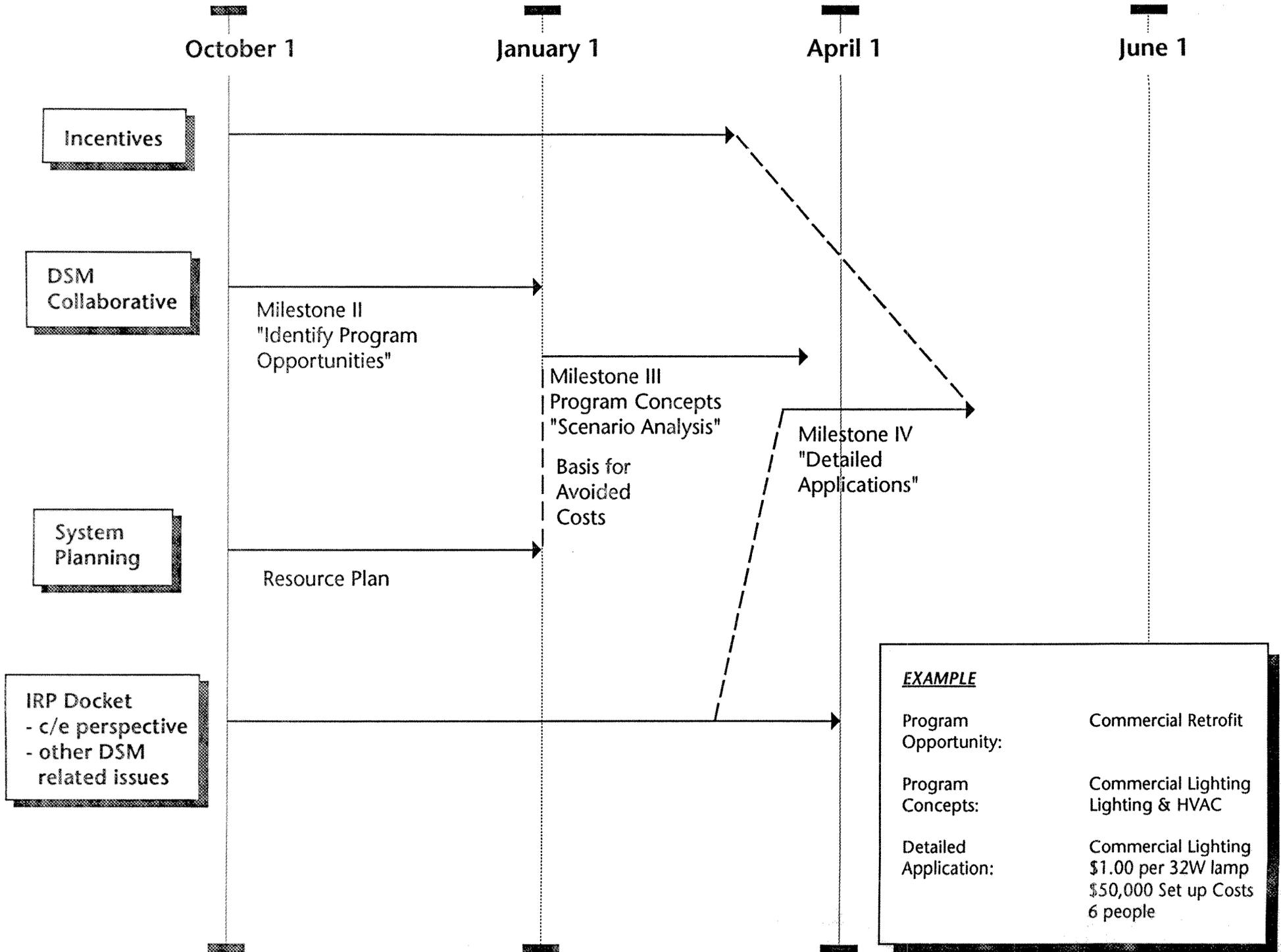
1. Incorporate results of IRP docket and Decoupling and DSM Incentives to finalize selection of program concepts for detailed program applications.
2. Develop detailed program design and monitoring/evaluation plans for implementation.
3. Develop format and process for filing applications with PUC.
4. Review and approve format.
5. Review and approve detailed program design and monitoring and evaluation, prepare applications.
6. Seek PUC approval for applications.
7. At the end of the process, the CP will review the success of the Collaborative Process and begin the process for developing more programs and monitoring implementation of approved programs.

VIII. Proposed Budget

1. Consensus Building Workshop for Steering Committee, if needed.	\$ 2,500
2. NU Coordinator/Consultants <i>Who?</i>	\$150,000 - \$180,000
3. Collaborative Administrator <i>Who?</i>	\$ 40,000
4. Utility staff/Consultants	\$150,000 - \$180,000
5. Travel for Other Utility Research	<u>\$ 20,000</u>
TOTAL	\$362,500 - \$400,000

The parties agree that there will be a cap on spending of \$400,000. If, over time, this budget becomes inappropriate, the parties may come back to the Commission to modify it. Also, PSCo has agreed to make a proforma adjustment in its next rate case to account for monies received to cover labor costs through the Collaborative Process.

Future Collaborative Efforts



DATED this 1st day of October, 1991.

Respectfully submitted,

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CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the foregoing DEMAND SIDE MANAGEMENT COLLABORATIVE PROCESS WORKPLAN was deposited in the U.S. Mail, postage prepaid, this 15 day of October, 1991, addressed to the following:

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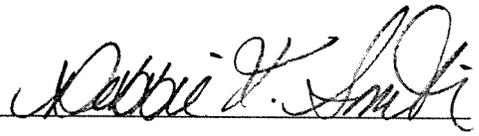
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